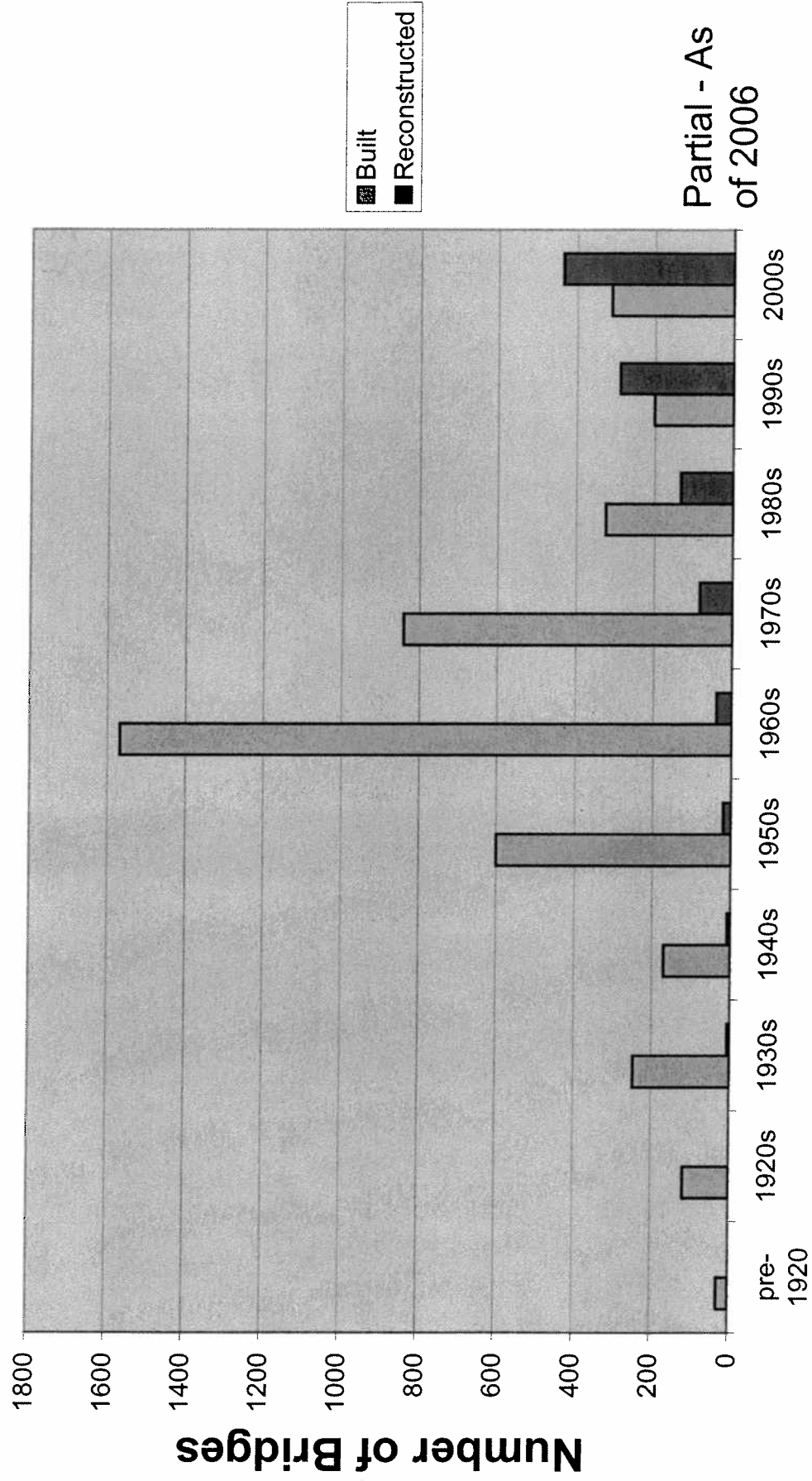


MDOT Bridges By Decade



Transportation & Funding Challenges in Southeast Michigan

House Transportation Committee

March 22, 2007

What is SEMCOG?

SEMCOG Region



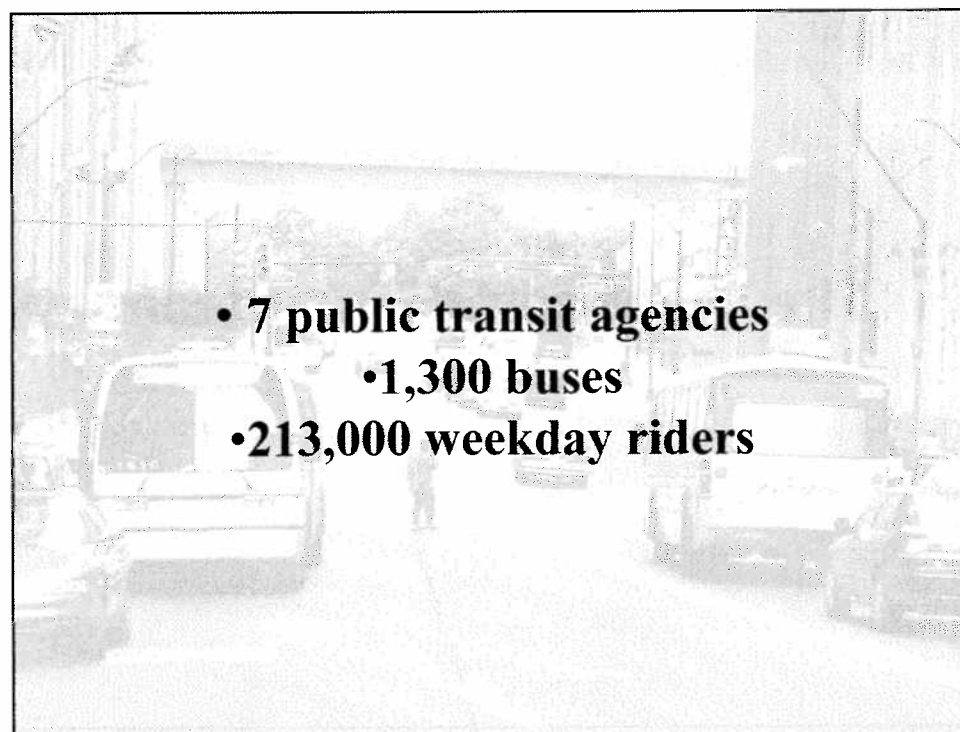
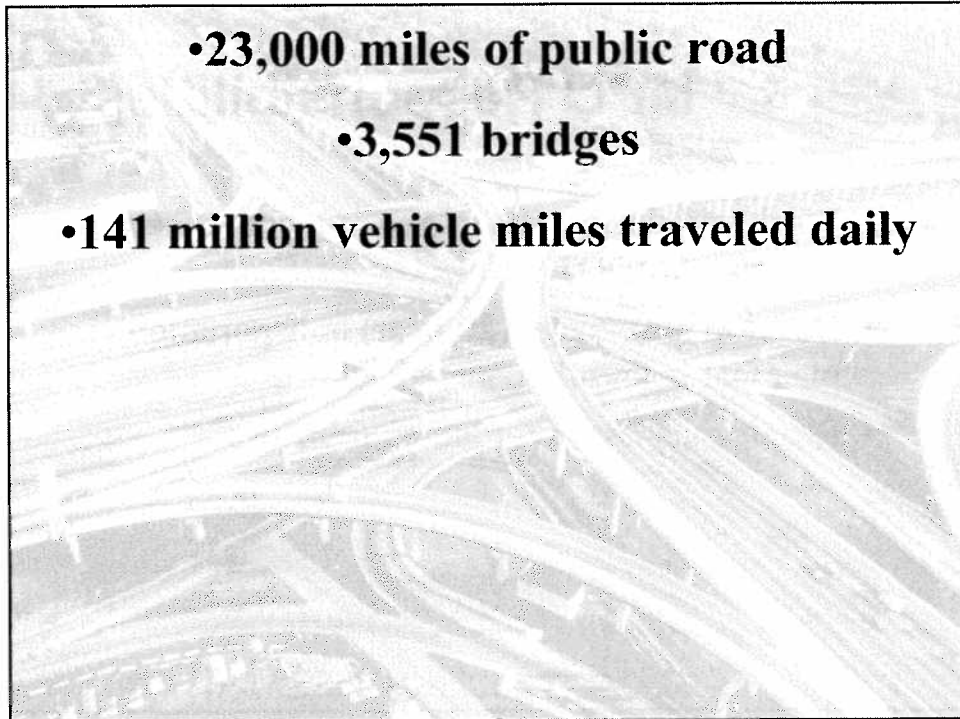
SEMCOG Planning Areas

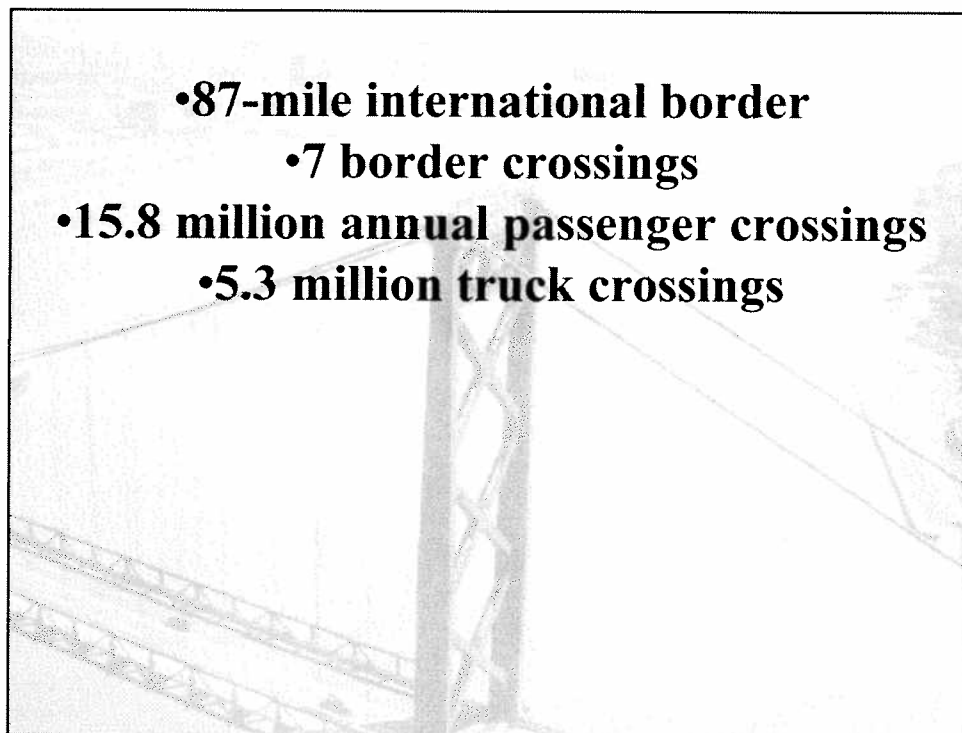
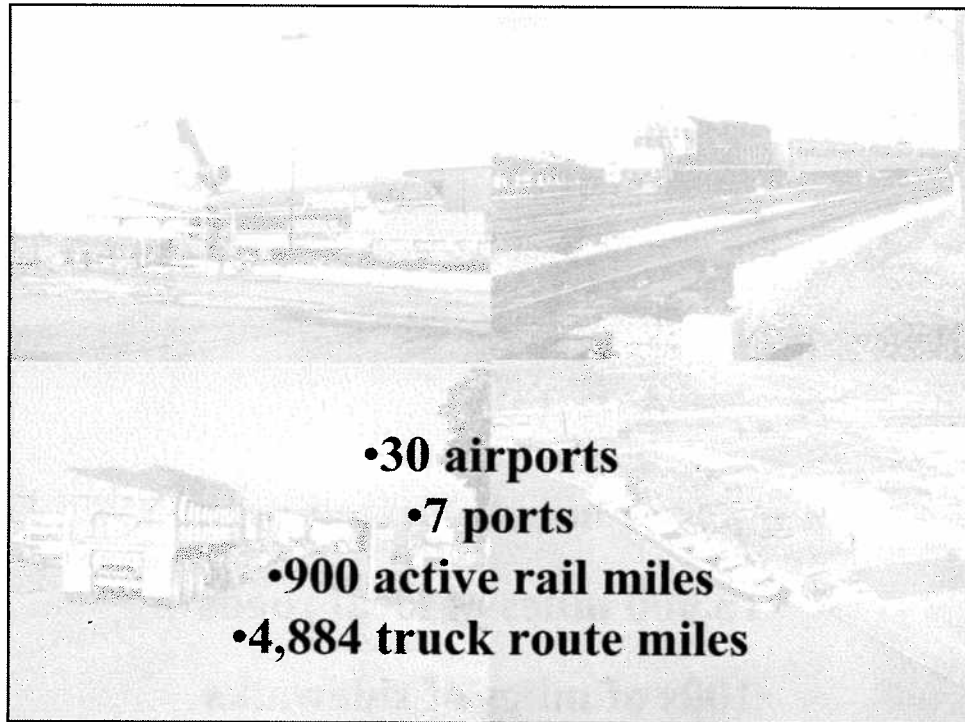
- Transportation
- Environment
- Community and Economic Development
- Education
- Data Center

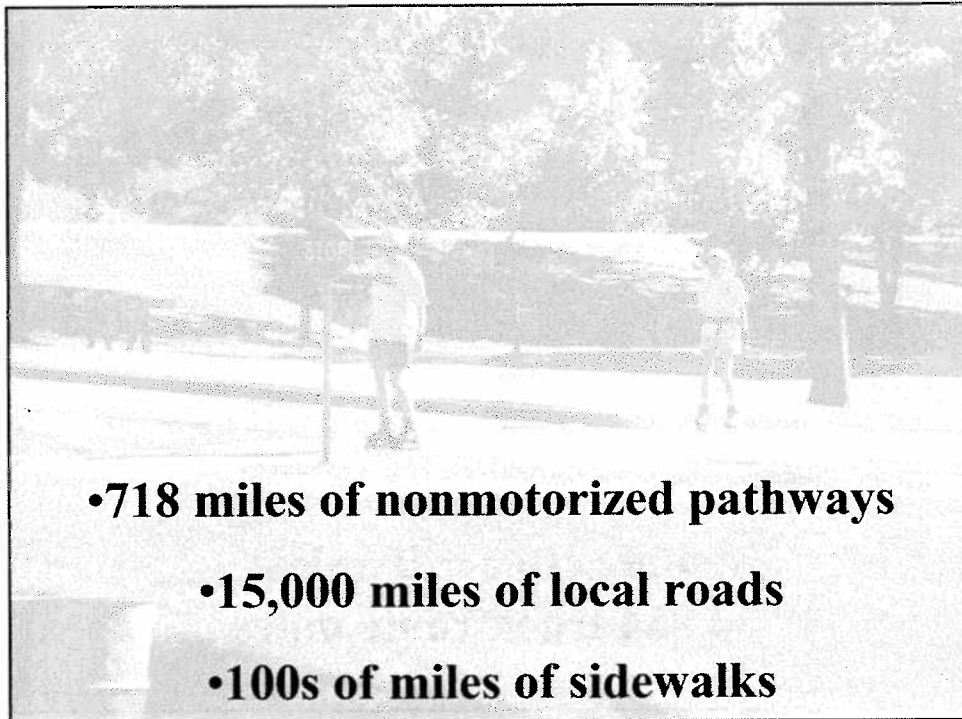
MPO Responsibilities

- Work with local units of government, transit operators, MDOT
- Develop long-range (20-year) transportation plan that is fiscally constrained
- Reach consensus on funding priorities

The Transportation System





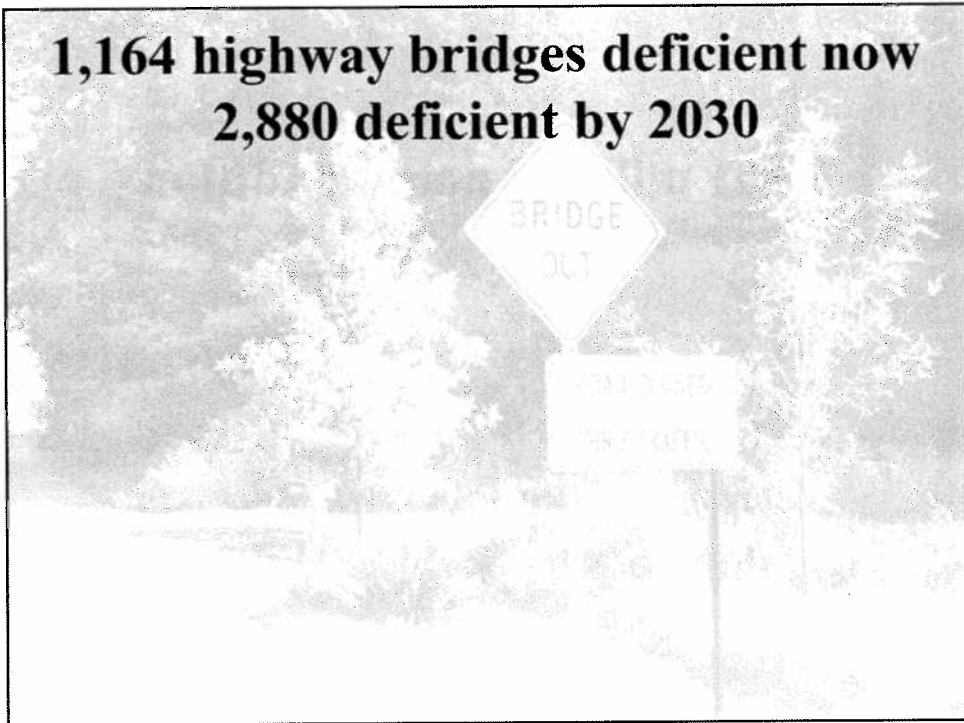


Transportation Conditions

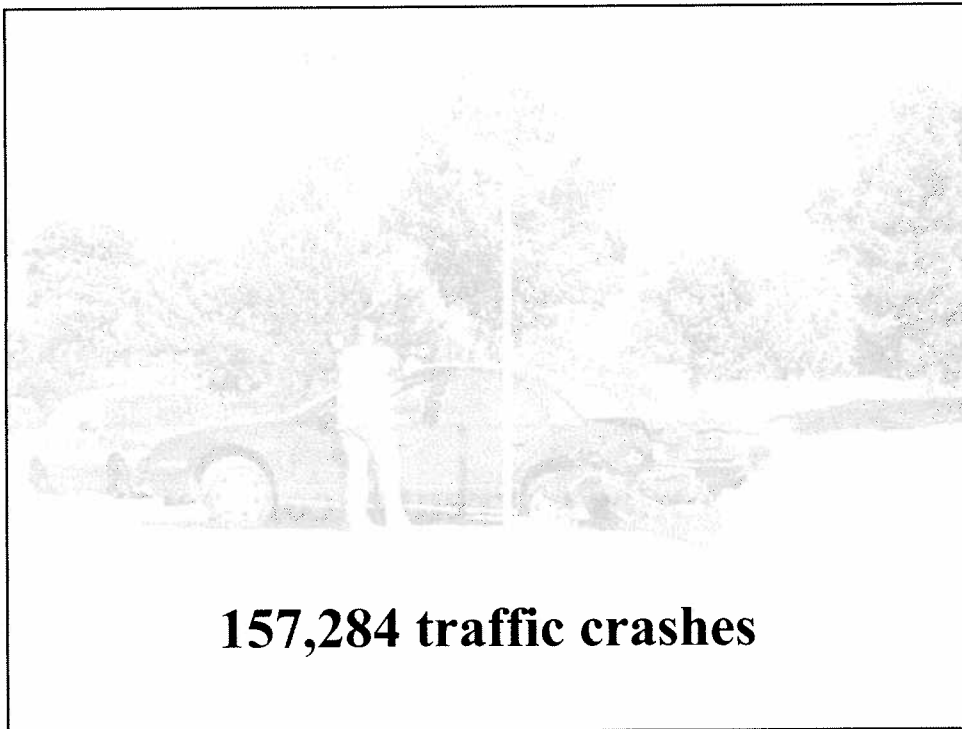
1,861 miles in poor condition

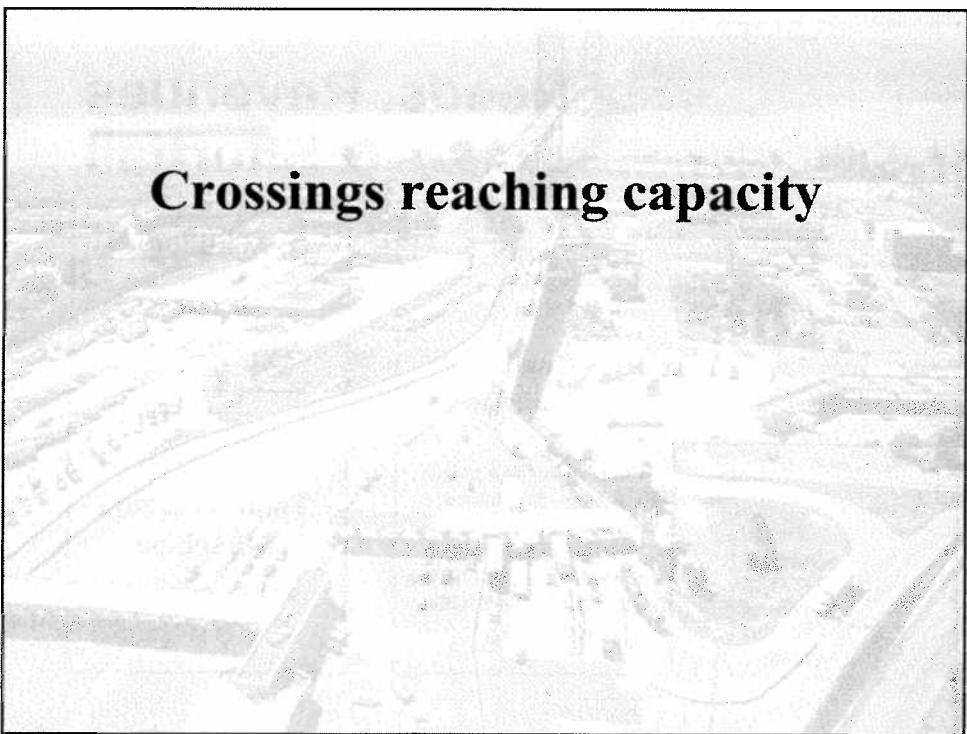
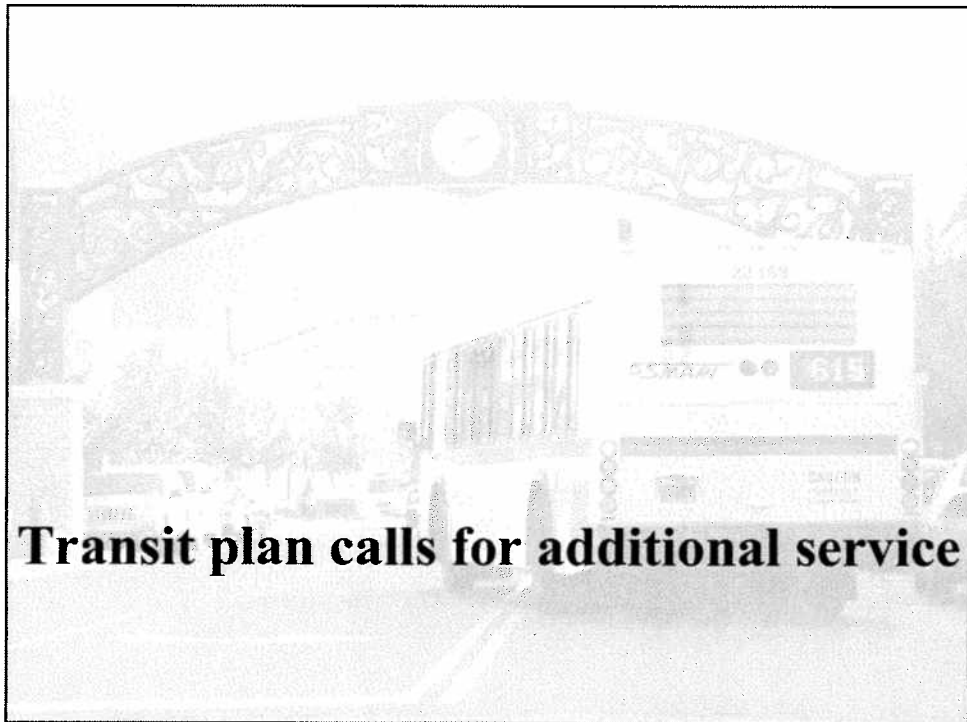
1,000 miles currently congested
1,500 miles congested by 2030

**1,164 highway bridges deficient now
2,880 deficient by 2030**



157,284 traffic crashes



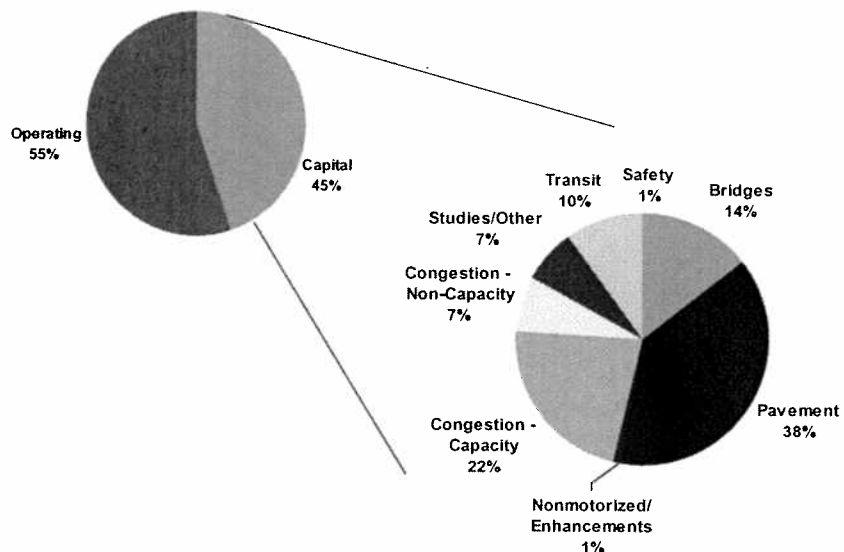


Transportation Improvements

Needs, Revenues & Shortfall

Shortfall Revenues Needs	Transit \$17 billion	Transit \$8 billion
	Road \$55 billion	Road \$23 billion
	Congestion - \$4.0 billion Bridge - \$7.2 billion Safety - \$1.6 billion Pavement - \$27.8 billion Nonmotorized - \$0.4 billion Operations - \$14.2 billion	Total Available \$40 billion

RTP Projects by Type

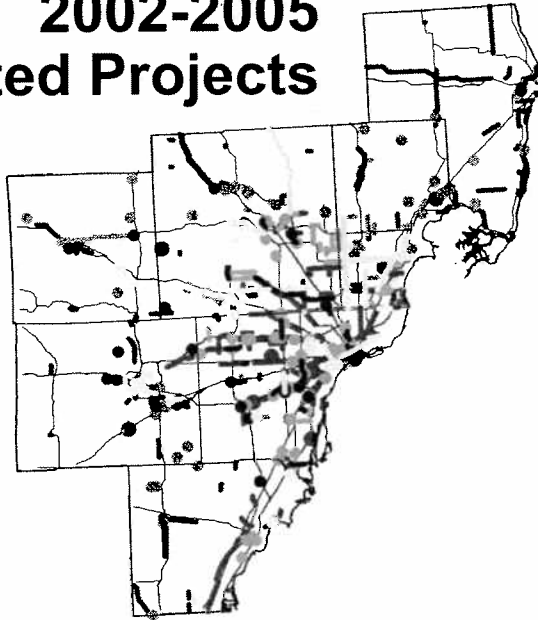


Planned Improvements

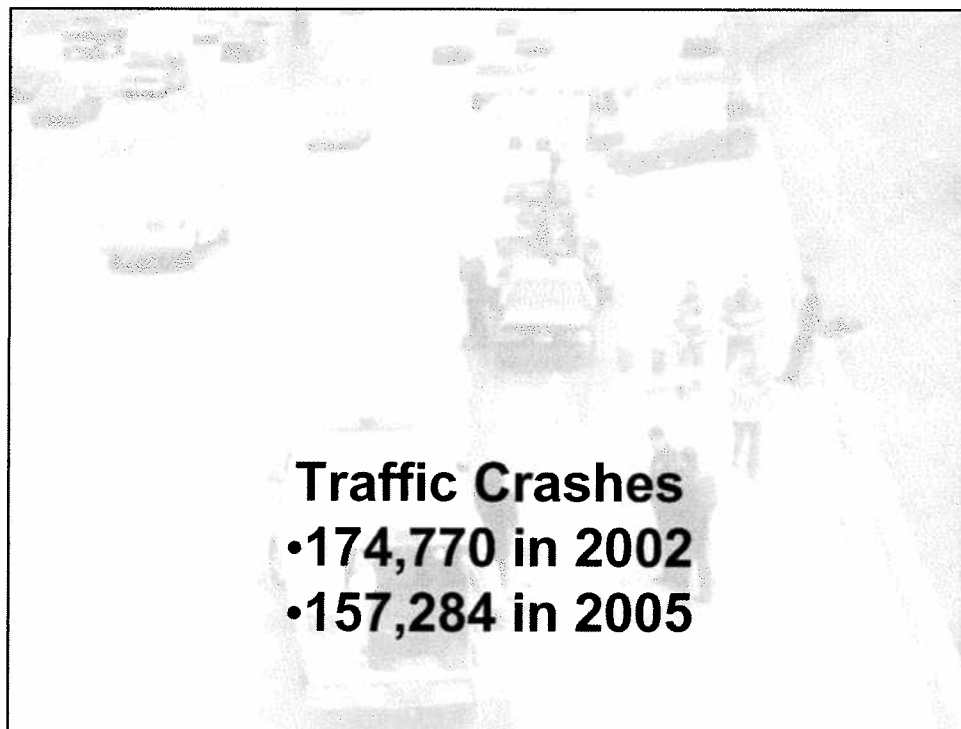
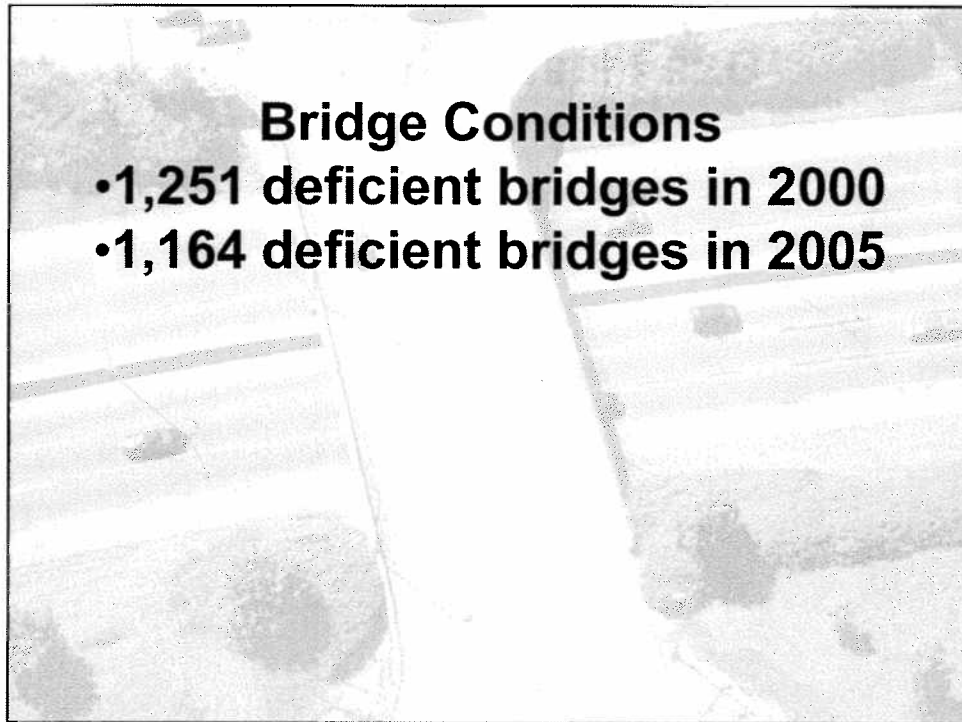
- Repave/reconstruct 6,200 miles of road
- Repair/replace 1,100 bridges
- Operate 2,000 miles of transit routes
- Construct 45 miles of turn lanes
- Widen 290 miles of existing road
- Build 19 miles of new road
- Retime 6,500 traffic signals
- Improve 1,800 intersections
- Construct 100 miles of nonmotorized paths

2002-2005 Implemented Projects

- ☐ Pavement
- ☐ Bridge
- ☐ Widening
- ☐ Nonmotorized
- ☐ ITS



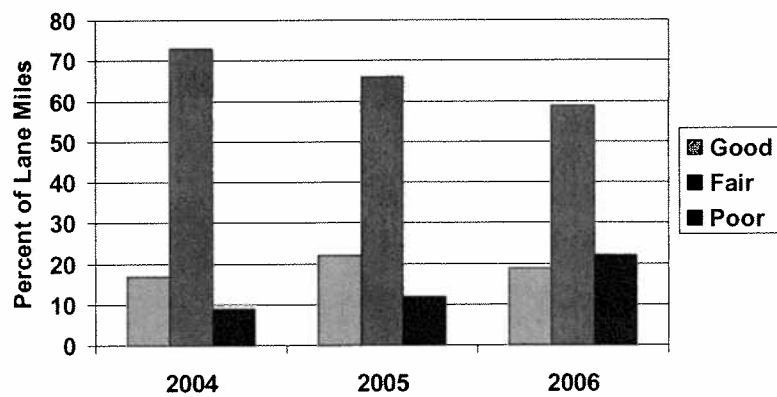
Transportation Benefits

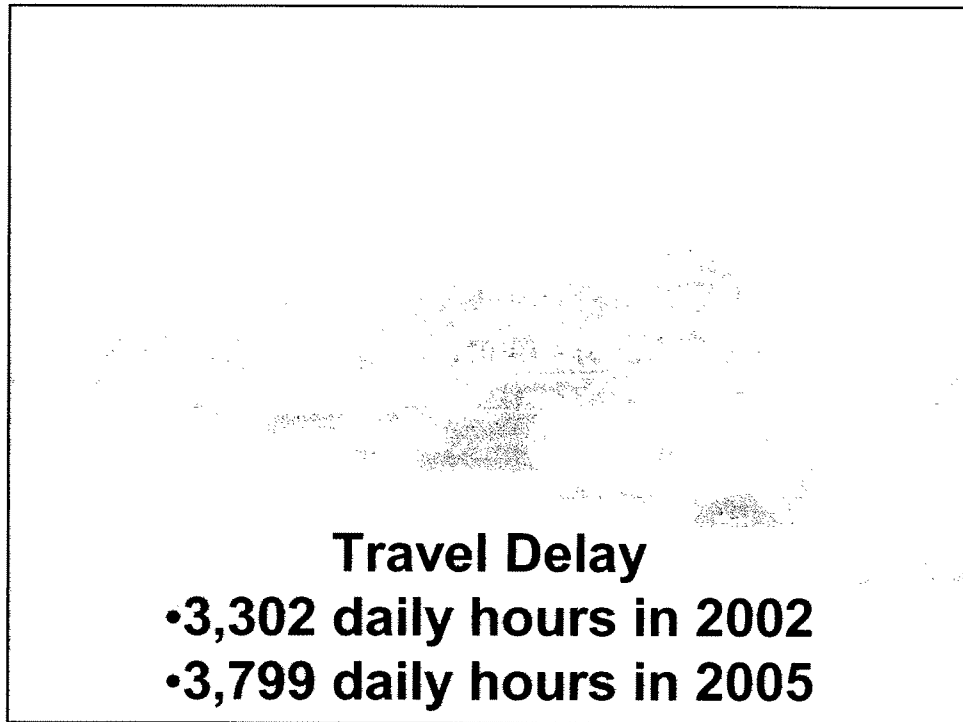


Bus Fleet Maintained



Pavement Conditions 2004-2006





Major Projects/Challenges

Planning Studies Completed

- In 2030 RTP, but not TIP
 - I-94, City of Detroit
 - I-75, Oakland County
 - I-375, Detroit CBD
- Not in RTP or TIP
 - Detroit Intermodal Freight Terminal
 - M-15, Oakland County
 - US-24, Monroe County

Planning Studies Underway

- Detroit River International Crossing
- Blue Water Bridge/Black Water Bridge, Port Huron
- US-23, Washtenaw & Livingston Counties
- I-96, Livingston, Oakland & Wayne Counties
- Ann Arbor to Detroit Regional Rail
- Detroit Transit Options for Growth
- Metro Airport Master Plan Update

Asset Management

- Ongoing process of maintaining, upgrading, and operating physical assets cost-effectively, based on a continuous physical inventory and condition assessment

Ann Arbor to Detroit Regional Rail

- Project purpose
 - Three-year demonstration project
 - Continue implementation of the region's adopted transit plan
 - Establish more accurate ridership estimate for the corridor

Transportation Challenges

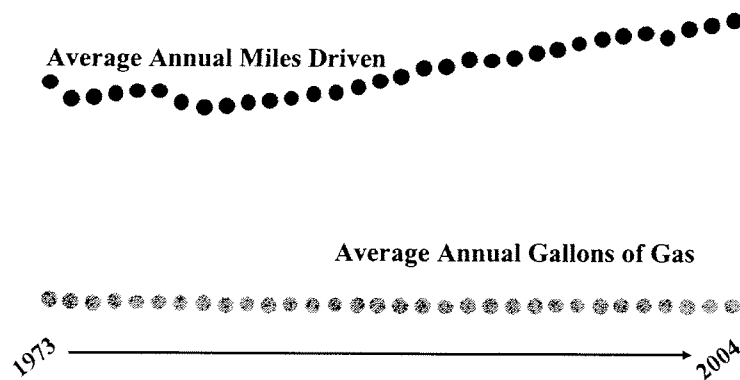
- Balance competing needs
 - Preservation
 - Congestion
 - Transit
 - Operations
- Current funding being eroded
- Need to prioritize

Funding Challenges

Rising Costs of Construction

- FHWA construction cost index – 5.4% per year for MI
- AGC – producer price index for road construction up 14.1% in 2005
- Rising costs
 - global growth and competition
 - material shortages

Growth in MTF Components



Erosion of Fuel Tax

- Increase in fuel efficiency
 - new vehicles replace older ones
 - mandated CAFÉ standards on light trucks
 - more gas-electric hybrids
 - improved technology of internal combustion engine

Conclusions

- Current revenues are insufficient for maintenance and improvement
- Our needs will continue to outpace our ability to address them
- Situation will only get worse
 - gas tax provides less real revenue each year

Recommendations

- Short-term
 - Make greater use of analytical tools
 - Maximize the life and use of existing transportation system
 - Increase current taxes and fees
- Long-term
 - Find stable sources of revenue, e.g., user fees based on vehicle miles of travel and time of day

Questions?

SEMCOG
Southeast Michigan Council of Governments

HOUSE TRANSPORTATION COMMITTEE

CRAM Testimony - March 22, 2007

Good Morning, my name is Ed Noyola, Deputy Director for the County Road Association of Michigan. With me today is, Dorothy Pohl, Managing Director, Ionia County Road Commission and Jon Rice, Managing Director, Kent County Road Commission. Together we have more than 90 years of experience in transportation and I think we can honestly say, the condition of our local infrastructure has never been at a more critical point in our collective careers.

I will be speaking in general terms on behalf of our membership today and on the overall status of our local road system. Then I'll let Jon and Dorothy speak regarding their specific situations.

Since 1998 (the last fuel tax increase) to 2006, the total Michigan Transportation Fund (MTF) has increased on average, a pitiful 1.4% per year. This is well below the consumer rate of inflation and had it not been for the registration fees, the MTF would have fallen into a negative percentile quite easily.

If you look at the current MTF receipts, the current tax structure will likely generate actual revenues below the budgeted revenue estimates for this fiscal year. And in FY 2007-08, the budgeted MTF revenue projections are 4% less than the current fiscal year. Obviously things are slipping and slipping fast.

Compounding our current revenue problems are costs associated with most materials and equipment required to maintain roads, many of which have increased at a double-digit rate or higher. For example, in Southeast Michigan as I'm sure its similar in other parts of the state;

Salt Truck (12-yard):	65%
Asphalt:	47%
Gravel:	20%
Guardrail:	113%
Plow Blades:	86%
Sign Posts:	111%
Traffic Signal Cables:	140%

And we haven't even touched on the cost of fuel.

All of these increases have forced road commissions to dedicate a larger and larger portion of its revenue to simply maintaining the roads, and less for improvement . . . if there are any funds to do improvement projects.

And let's not forget those non-transportation departments and their IDGs, transfers or redirecting of funds to cover their increased budgets. More times than not, these increases are higher than the consumer index or any projected MTF increases. If any economic adjustments are needed, or any unsubstantiated costs can be redirected to the MTF, they have been. This is a simple problem to overcome. It's called a COST ALLOCATION PLAN, according to governmental accounting standards. The plan should indicate what department functions are eligible for MTF reimbursement and the ACTUAL COST required to perform them. We understand a cost allocation includes such items as overhead. We accept that. However, what's missing is a consistent method across departments for determining what functions the MTF should pay for and what does it actual cost.

Yes, these demands take care of those much needed non-transportation agencies, but at the end who pays for all of these off-the-top IDGs, transfers, etc. and at what expense? . . . one department (MDOT), 83 road commissions, and more than 500 cities and villages. And at the expense of the states infrastructure. Many times it has been described to me as only – \$1 million here and \$10-13 million there. Well, after time and time again, I think we've been talking about real money for quite some time now.

Local road commissions have streamlined and cut to the point where there are no other options. CRAM has surveyed its membership and 80 of 83 have responded. The following information was collected:

56 counties are not filling positions as they become vacant (1-9 positions)
26 counties have eliminated or reduced the amount of summer employees
8 counties have initiated temporary layoffs (weeks to months)
1 county has laid off 5 employees
53 counties have cut or suspended equipment purchases
10 counties have modified or reduced health plan coverage

This funding situation didn't start this year. This started several years ago and it's only going to get worse unless this funding issue is addressed.

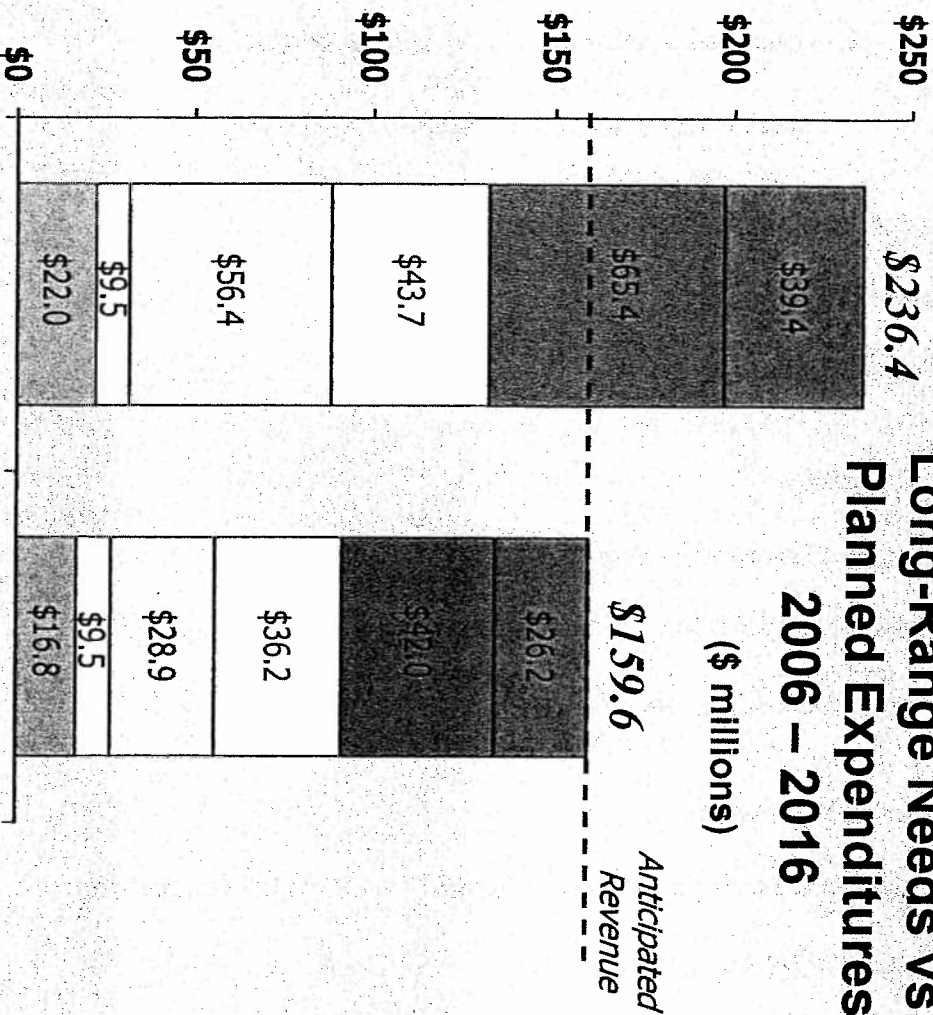
Before I leave on that happy note, I would like to tell you that CRAM is a member of the MTT and we strongly support the DriveMI initiative, which includes:

- 9 cent gasoline increase
- diesel parity (equal to gasoline tax)
- increased registration fees (all of the above over 3-years)
- Pro-rata registration fee collection
- Eliminate or reduce IDGs (based on cost allocation plans)
- Local Transportation Revenue Option



Kent County Road Commission

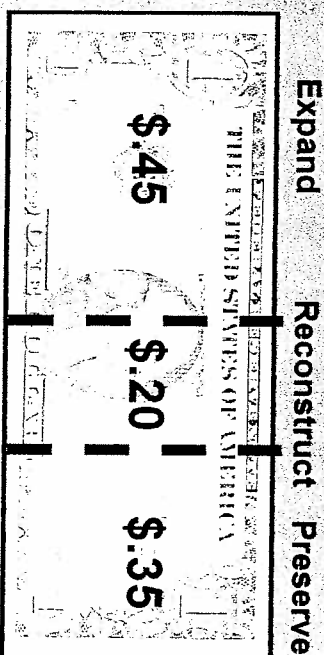
Long-Range Needs vs. Planned Expenditures 2006 – 2016



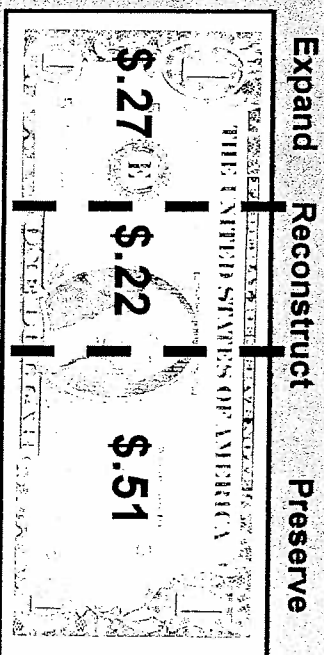
- ☒ Intersection Safety
- ☐ Capacity Expansion
- ☐ Bridges
- ☒ Surface Treatments
- ☐ Reconstruction
- ☒ Overlays

Average Investment in Primary Roads by Category

1995 - 2004



2005 - 2016



Forecasted Revenue Shortfall by Program
\$76.8 Million
Kent County Road Commission 2007-2017

Preservation - \$36.6 Million

- Overlay Program	\$13,200,000
- Surface Treatment Program	\$23,400,000

Expansion - \$7.5 Million

- 84 th Street Corridor (Division to Breton)	\$3,750,000
- Cannonsburg Rd (Chauncey to Pettis)	\$2,500,000
- Robinson Rd (Woodward to Lakeside)	\$1,250,000

Reconstruction - \$27.5 Million

- 4 Mile Rd (Fruit Ridge to County Line)	\$1,000,000
- 7 Mile Rd (Division to Pine Island)	\$1,000,000
- Algoma Ave (2 miles in Algoma Twp)	\$3,000,000
- Division Ave (76 th to 84 th)	\$2,500,000
- Heffron St (Lincoln Lake to Montcalm)	\$3,000,000
- Kraft Ave (1.5 miles in Cascade/Caledonia Twps)	\$2,000,000
- Lincoln Lake Ave (5 Mile to Heffron)	\$5,300,000
- Myers Lake Ave (4 miles in Cannon/Courtland Twps)	\$5,500,000
- Pettis Ave (Egypt Valley to Knapp)	\$1,200,000
- Vergennes St (Alden Nash to Lincoln Lake)	\$1,000,000
- Wilson Ave (M-6 to 84 th)	\$2,000,000

Intersections - \$5.2 Million

- Improve Safety
- Expand Capacity



Board of County Road Commissioners
of the County of Kent

1500 Scribner Ave., N.W.
(616) 242-6900

Grand Rapids, MI 49504-3299
Fax # (616) 242-6980

Chairman
John W. Weiss

Vice-Chairman
David M. Groenleer

Commissioner
Patrick G. Malone

Jon F. Rice, P.E.
Managing Director

Steven A. Warren
Deputy Director

John L. Strauss
Director of Finance

March 6, 2007

COPY

The Honorable Senator Bill Hardiman
29th Senatorial District
915 Farnum Building
P.O. Box 30036
LANSING MI 48909-7536

Dear Senator Hardiman:

Thank you for taking the time to meet with Kent County Road Commission Chair John Weiss, Deputy Director Steve Warren, and myself to discuss transportation issues facing the Kent County Road Commission and West Michigan. As Chair of the Senate Appropriations Sub Committee on Transportation, Kent County and West Michigan can look forward to a positive impact in transportation related fiscal issues before the Michigan Legislature.

As an outcome of our discussion concerning current funding and the opportunity for additional transportation revenues, you requested more detailed information on what the Kent County Road Commission has done to be more cost efficient with the funds we receive today. Following is a list of initiatives we have implemented to address the efficient expenditure of our funds and of our transportation agency partners.

Inter Agency Partnerships and Agreements

In December of 2006, Kent County Road Commission entered into the West Michigan Public Works Mutual Aid Agreement with Ottawa, Muskegon, Newaygo, Montcalm, and Ionia County Road Commissions. The initiative behind this effort was to provide manpower and equipment to neighboring Road Commissions when localized storms create a response time problem for one or more Road Commissions. Any one of the Road Commissions has the ability to contact another Mutual Aid County Road Commission to request assistance. This Agreement provides cost efficiencies in two ways. One, the requesting County Road Commission does not have to staff for the worst case scenarios, and two, neighboring Road Commissions can generate revenue for labor, equipment, and material billed to another County Road Commission for work performed. The greatest benefit is the ability of County Road Commissions to work together to provide quality regional service for West Michigan motorists.

Kent County Road Commission is also partnering with the Michigan Department of Transportation (MDOT) to help reduce cost by integrating our crews. Over the past year, Kent County Road Commission has transferred a mechanic to the MDOT's Grand Rapids garage for

Engineering, Traffic and Safety, and Equipment Division employees during winter maintenance storms to plow roads. In summer, the Engineering Division will utilize Maintenance Division employees to assist with construction and soil erosion programs. This results in lower costs through fewer full time employees, and a pool of highly trained employees to assist as needed.

And, finally, the Board of County Road Commissioners of the County of Kent has adopted a strategic plan that places our primary funding emphasis on preservation of the existing system. As a result, Kent County Road Commission has implemented a pavement management system that allows us to maximize the cost effectiveness of the dollars we spend on our system to keep our roads in the best condition possible.

However, our efforts to increase efficiencies have not solved the declining revenue problems facing Kent County Road Commission.

Since 2000, our Michigan Transportation Fund revenues have increased by only one percent over the six years.

Since 2002, the cost of maintaining the County primary system has increased by thirty-five percent due to increased cost of doing business. Over the same time period, Kent County Road Commission employment has decreased by fifteen full-time positions representing an annual reduction of \$1.5 million in payroll and fringe benefits.

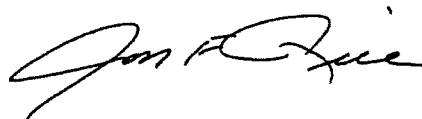
Since 2000, our annual construction program has been reduced from \$24 million per year to \$12 million a year in 2006, resulting in fewer road improvement projects.

Kent County Road Commission will continue to look for opportunities to increase efficiency and stretch our revenues, however, without additional funding in the very near future, the rate of system deterioration will continue to out pace our ability to fund an acceptable level of service to the public.

We look forward to working with you to find a solution to all of our transportation funding needs.

Very truly yours,

For the Board of County Road Commissioners
of the County of Kent

A handwritten signature in black ink, appearing to read "Jon F. Rice".

Jon F. Rice, P.E., Managing Director

JFR/djm

Cc: Board
S. Warren

LOCAL JOBS TODAY PROJECTS

APPROVED:		KCRC	STP	LJT	Total
Cascade Rd.	36th St. - Whitneyville Ave.	50,000	280,000	70,000	400,000
68th St.	Division Ave. - Kalamazoo Ave.	262,187	470,250	117,563	850,000
Patterson Ave.	28th St. - 36th St.	200,000	438,900	109,725	748,625
Patterson Ave.	92nd St. - 100th St.	200,000	640,000	160,000	1,000,000
Total		712,187	1,829,150	457,288	2,998,625
PENDING:		KCRC	STP	LJT	Total
60th St.	Division Ave. - Eastern Ave.	36,563	490,750	122,688	650,000
68th St.	Plaster Ck. - E. of Hanna Lk.	36,562	490,750	122,688	650,000
Cannonsburg	Chauncey - Myers Lk.	260,719	347,625	86,906	695,250
Hanna Lk.	68th St. - .5 mi north	45,000	604,000	151,000	800,000
Eastern Ave.	60th St. - 68th St.	36,562	490,750	122,688	650,000
Total		415,406	2,423,875	605,969	3,445,250
Grand Total		1,127,593	4,253,025	1,063,256	6,443,875

ROAD COMMISSION FOR IONIA COUNTY

169 E. Riverside Drive • P.O. Box 76 • Ionia, Michigan 48846 • Phone (616) 527-1700 • Fax (616) 527-8848

HERBERT C. CUSACK
Commissioner

EARL S. STRATER
Commissioner

MARYCLAIRE CUSACK
Commissioner

DOROTHY G. POHL, CPA
Managing Director

WAYNE A. SCHOONOVER, P.E.
County Highway Engineer

March 22, 2007

House Transportation Committee Testimony on Rural Transportation Needs

My name is Dorothy Pohl and I am the managing director of the Ionia County Road Commission. I've been in this position for 15 years and I don't believe I've seen things worse than they are looking today as far as revenue shortfalls and unmet transportation needs in our county.

Not even when I came to the road commission in 1992 and found them $\frac{3}{4}$ million in debt with only old, decrepit equipment to work with.

Not even after the tragic Thanksgiving day fire in 1996 that destroyed our truck garage and offices, along with almost \$1.5 million of our equipment.

For years, we've worked through the problems and shortfalls – I've never worked in this job when I had too much money! We've watched our number of employees shrink from 63 in 1992 to 43 today. We've evaluated most of the tasks we're responsible for and contracted out many functions we used to perform. In fact, last year, we contracted out 42% of the dollars we spent on maintenance and improvement work.

We've cut, we've chopped, and we've reinvented. We're trying to do everything with almost nothing and we're failing! We're starting to chop items we know will cost us down the road in order to try to hang on for a while longer. Not replacing equipment at the end of its useful life or not doing cracksealing and sealcoating today will only cost a lot more money down the road.

Last year, for 2006, our MTF was down \$63,000. The previous year it was down \$275,000. So far, in the past 2 years, we're down over \$600,000. The problem is that only our revenues are going down!

Everything else we use is going up! Asphalt, sign posts, scraper blades have all doubled over the past 3 years. Salt went up over 30% this year – we used 1/3 less and paid just as much! Our Blue Cross premium is going up 16% (that's \$98,000) this year. Our last new truck cost \$12,000 more than the previous one. And on and on and on.

We haven't replaced our last 4 truck drivers that retired. During prolonged winter weather, it may be 3 days before we can get to all of our roads. One of our school districts recently complained about the lack of local road winter maintenance on weekends that caused school to be cancelled on Mondays. I watched what happened in

Denver over Christmas this past year and shudder to think how badly we would be affected by that type of storm and my older employees remind me of it all the time.

Even though we are rural and agricultural, we feel many of the big city pressures in our location squeezed between Grand Rapids and Lansing. Almost 700 miles of our road system is gravel. Last year we spent an average of \$2700 per mile to maintain our local road system. This doesn't include any improvements. Our MTF per mile of local road averaged less than \$2300!

We use technology to help us do our job and accomplish things efficiently. Our pavement management system shows that 39% of our 376 mile paved road system is in poor condition and needs extensive work. Almost 40% is in fair condition and needs preventive maintenance, but only a small amount is scheduled for the next 2 years. Almost all of the projects we are doing this year and next are those funded by federal funds matched by Local Jobs Today funds. Without the LJT program, I doubt that we could have provided match for our federal aid projects.

We are considering closing our operations for at least 1 week this summer in order to save money. We may have to lay off our part-time help and don't have plans to bring in any temporary summer workers. We recently raised our prescription co-pays again, along with other health insurance changes for our employees and retirees in order to be able to continue to pay our premiums. We aren't replacing any salt trucks this year. We work cooperatively and are open to collaborating with anyone to try to accomplish what's best for drivers in our county.

We're headed for life support. We really need the legislature to increase transportation funding so we can continue our job in the future. Thank you for listening and we hope you will help us.

**Kent County Road Commission
Actual Michigan Transportation Fund Revenue**

